

CITY OF BRYAN, TEXAS

Compliance and Single Audit Reports

For the Year Ended September 30, 2004

**THE CITY OF BRYAN, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE
AWARDS AND INDEPENDENT AUDITORS'
REPORTS ON INTERNAL CONTROL AND COMPLIANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2004
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Mayor Ernie Wentrcek,
Members of the City Council and
City Manager of the City of Bryan
Bryan, Texas

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bryan, Texas (the "City") as of and for the year ended September 30, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 21, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Mayor, City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bryan, Texas
January 21, 2005

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

Mayor Ernie Wentrcek,
Members of the City Council and
City Manager of the City of Bryan
Bryan, Texas

Compliance

We have audited the compliance of the City of Bryan, Texas (the "City") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *State of Texas Single Audit Circular* that are applicable to its major federal and state program for the year ended September 30, 2004. The City's major federal and state program are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal and state program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization* and the *State of Texas Single Audit Circular*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered

necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal and state program for the year ended September 30, 2004.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 and the *State of Texas Single Audit Circular*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal and State Awards

We have audited the financial statements of the government activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2004, and have issued our report thereon dated January 21, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information of the Mayor, City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bryan, Texas
January 21, 2005

J. Ingram, Waller; Cuyay

CITY OF BRYAN, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

| <u>Federal Grantor/Program Title</u> | <u>Pass-Through Grantor/State Number</u> | <u>Federal CFDA Number</u> | <u>Expenditures</u> |
|---|--|--------------------------------|---------------------|
| <u>Federal Grant Funds</u> | | | |
| <u>U.S. Department of Housing and Urban Development</u> | | | |
| Community Development Block Grant 2002 | B-2002-MC-480006 | 14.218 | \$ 342,300 |
| Community Development Block Grant 2003 | B-2003-MC-480006 | 14.218 | 1,054,875 |
| HOME Grant 2002 | M-2001-MC-480229 | 14.239 | 35,808 |
| HOME Grant 2002 | M-2002-MC-480229 | 14.239 | 253,133 |
| HOME Grant 2003 | M-2003-MC-480229 | 14.239 | 288,358 |
| Subtotal Direct Programs | | | <u>1,974,474</u> |
| <u>Passed Through Texas Department of Housing and Community Affairs</u> | | | |
| Emergency Shelter Grant 9/1/03-8/31/04 | 422348 | 14.231 | 46,494 |
| Emergency Shelter Grant 9/1/04-8/31/05 | 423348 | 14.231 | 15,955 |
| | | | <u>62,449</u> |
| <i>Total U.S. Department of Housing and Urban Development</i> | | | <u>2,036,923</u> |
| <u>U.S. Department of Criminal Justice</u> | | | |
| LLEBG – 2002 (10/1/01 – 9/30/03) | 2002-LB-BX-2028 | 16.592 | 49,773 |
| LLEBG – 2003 (10/1/02 – 9/30/05) | 2003-LB-BX-2252 | 16.592 | 58,096 |
| COPS in School | 2002SHWX0453 | 16.710 | 145,295 |
| Bullet Proof Vest Partnership (BVP) | 2001-BU-BX-01007667 | 16.607 | 14,340 |
| Subtotal Direct Programs | | | <u>267,504</u> |
| <u>Passed Through Texas Engineering Extension Service</u> | | | |
| ODP State Domestic Preparedness Equipment Program | 2002-TE-CX-0074 | 16.007 | 261,517 |
| Pre-2004 State Homeland Security Program (SHSP) | 2003II-SHSP-10912 | 16.007 | 123,725 |
| 2004 Texas State Homeland Security Program (SHSP) | 2004-SHSP-10912 | 97.004 | 15,067 |
| | | | <u>400,309</u> |
| <i>Total U.S. Department of Criminal Justice</i> | | | <u>\$ 667,813</u> |

CITY OF BRYAN, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2004

| <u>Federal Grantor/Program Title</u> | <u>Pass-Through Grantor/State Number</u> | <u>Federal CFDA Number</u> | <u>Expenditures</u> |
|---|--|--------------------------------|---------------------|
| <u>U.S. Department of Transportation</u> | | | |
| <u>Passed Through Texas Department of Transportation</u> | | | |
| Comprehensive STEP 10/1/03-9/30/04 | 584XXF6015-00 | 20.600 | <u>\$ 41,447</u> |
| <u>Federal Emergency Management Agency</u> | | | |
| Assistance to Firefighters Grant Program | EMW-2002-FG-19305 | 85.554 | <u>20,228</u> |
| Total Federal Grant Funds | | | <u>\$ 2,766,411</u> |
| <u>State Grant Funds</u> | | | |
| <u>Texas Parks and Wildlife</u> | | | |
| Henderson Park Grant | 50-000313 | N/A | <u>\$1,767,369</u> |
| <u>Texas Department of Transportation</u> | | | |
| Routine Airport Maintenance Program (RAMP) FY04 1/15/04-8/31/04 | M417BRYAN | N/A | 22,111 |
| Coulter Hanger Access Road | 0217BRYAN | N/A | <u>100,349</u> |
| | | | <u>122,460</u> |
| <u>Office of Attorney General</u> | | | |
| Victim Coordinator Liaison Grant FY04 9/1/03-8/31/04 | 04G03885 | N/A | 30,382 |
| Victim Coordinator Liaison Grant FY05 9/1/04-8/31/05 | 04G03885 | N/A | 2,805 |
| | | | <u>33,187</u> |
| <u>Texas State Library</u> | | | |
| Loan Star Library Grant | 442-04061 | N/A | <u>10,688</u> |
| <u>Texas State Comptroller</u> | | | |
| Tobacco Grant 9/1/03-8/31/04 | SB55 Tobacco Grant | N/A | 4,944 |
| LEOSE | | N/A | <u>10,664</u> |
| | | | <u>15,608</u> |
| Total State Grant Funds | | | <u>1,949,312</u> |
| Total Federal and State Grant Funds | | | <u>\$4,715,723</u> |

THE CITY OF BRYAN, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

General - The accompanying Schedule of Expenditures of Federal and State Awards presents all federal and state expenditures of the City of Bryan, Texas (the "City").

Basis of Accounting - The expenditures on the accompanying Schedule of Expenditures of Federal and State Awards are presented on the accrual basis.

Relationship to Basic Financial Statements - Expenditures of federal and state awards are reported in the City's basic financial statements on the accrual basis.

Relationship to Federal Financial Reports - Amounts reported in the accompanying Schedule of Expenditures of Federal and State Awards agree with the amounts reported in the related federal and state financial reports in all significant respects.

THE CITY OF BRYAN, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: *unqualified*

Internal control over financial reporting:

- Material weakness (es) identified? ☐ yes ☒ no
- Reportable condition(s) identified that are not considered to be material weaknesses? ☒ yes ☐ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness (es) identified? ☐ yes ☒ no
- Reportable condition(s) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Type of auditors' report issued on compliance for major programs: *unqualified.*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

☐ yes ☒ no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

14.218

Community Development Block Grant

Identifying Number(s)

Name of State Program or Cluster

50-000317

Texas Parks and Wildlife

Dollar threshold used to distinguish between
Federal type A and type B programs:

\$300,000

Dollar threshold used to distinguish between
State type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

 X yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards.

SECTION III – FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

There were no Federal or State award findings and questioned costs required to be reported by Section 510(a) of OMB Circular A-133 and the State of Texas Single Audit Circular.

**THE CITY OF BRYAN, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2003
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

FINANCIAL STATEMENT FINDINGS

03-01 Capital Projects

Also, we again noted that salaries associated with capital projects were not always capitalized as part of the project. In addition, not all time sheets of employees who work on a capital project were coded to reflect the hours worked on capital projects. We recommend that all salaries associated with capital projects be capitalized. We further recommend that all time sheets of employees who work on capital projects be coded by project number to ensure all salaries associated with capital projects are capitalized.

Current Status:

Employees who work on capital projects code the time on their time sheets by project number so that these costs can be capitalized.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no Federal award findings and questioned costs required to be reported by Section 510(a) of OMB Circular A-133.